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EXECUTIVE OFFICE OF THE PRESIDENT
Bureau of the Budget
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TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Programming of agency management improvement activities

In his Budget Message and in his messages to the Congress dealing with action to improve the organization of the Executive Branch, the President has emphasized his interest in continued efforts to improve the effectiveness of Government administration. Recommendations which he has made and proposes to make are aimed at giving responsible officials greater freedom and flexibility to organize and direct the activities under their jurisdiction. Along with this increased authority, he is looking to department and agency heads to take vigorous leadership in bringing about maximum effectiveness and economy in the operation of Government programs.

Executive Order No. 10072 directs department and agency heads systematically to appraise and improve their operations. Responsible officials in each department and agency should make certain they can assure themselves and the President that their policies and programs are carried out effectively and economically, that possibilities for increased efficiency and economy are identified, and that adequate provision has been made for continuously evaluating and improving performance.

Section 87 of Budget Bureau Circular No. A-11 requests each agency to submit with its budget estimates for the fiscal year 1951 a statement of current and proposed activities aimed at appraising and improving the effectiveness, efficiency, and economy of operations. Since a statement of management improvement activities is being requested for the first time, this Bulletin explains in further detail the type of information desired.

In this programming of action to improve operating effectiveness, the President is primarily concerned with improving the substantive operations of agencies. "Housekeeping" activities are not excluded, of course, but the emphasis will be placed on program activities.

The following examples illustrate the type of operating problems in substantive operations at which the program is directed: failure of activities to accomplish program objectives; inadequate coordination among related programs; overlapping or contradictory services to the

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public; continuation of activities no longer essential; lack of program and work standards for evaluating accomplishments; high unit costs of work completed; increasing backlog; excessive staff turnover, etc.

A management improvement program includes two types of activities; (1) activities directed at solving known operating problems; and (2) activities directed at evaluating operations in order to identify ways of improving service and cutting costs. The latter type of activities include such things as periodic, recurring operations audits or inspections in specified offices; a comprehensive review of objectives, programs and activities in a segment of the agency; installation or improvement of reporting programs; special surveys of organization and procedure.

In setting out its management improvement program each agency should first list its top priority problems. Each agency should then list its management improvement activities in two categories: actions under way or proposed to solve known operating problems; and activities to identify other operating problems by evaluating the efficiency and effectiveness of operations. Current activities as well as those proposed for fiscal 1951 should be included, but clearly distinguished. Officials or organization units responsible for action should be indicated. Approximate manpower assigned and estimated initiation and completion dates, should be shown where applicable. Separate statements should be included for the office of the Secretary or Administrator and for each Bureau or major constituent unit.

Members of our staff will be discussing this matter further with appropriate representatives of your agency. Any time we can be of assistance in clarifying the purpose and nature of the information to be submitted, please do not hesitate to call on us.

FRANK PACE, JR.
Director

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INSTRUCTIONS FOR THE
PREPARATION AND SUBMISSION of
ANNUAL BUDGET ESTIMATES

Section 87. Plans for management improvement.

Each agency will submit a statement of the activities contemplated during the current year and budget year which are aimed at appraising and improving the effectiveness, efficiency, and economy of operations. This statement will include the activities to be carried out, whether by line officials or management staff, to evaluate and improve operations. (This management program will be considered in evaluating and examining financial requirements for agency operations.)

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